HOUSING MARKET INFORMATION

HOUSING NOW
Canada

CANADA MORTGAGE AND HOUSING CORPORATION

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Canadian Market Overview

New Home Market

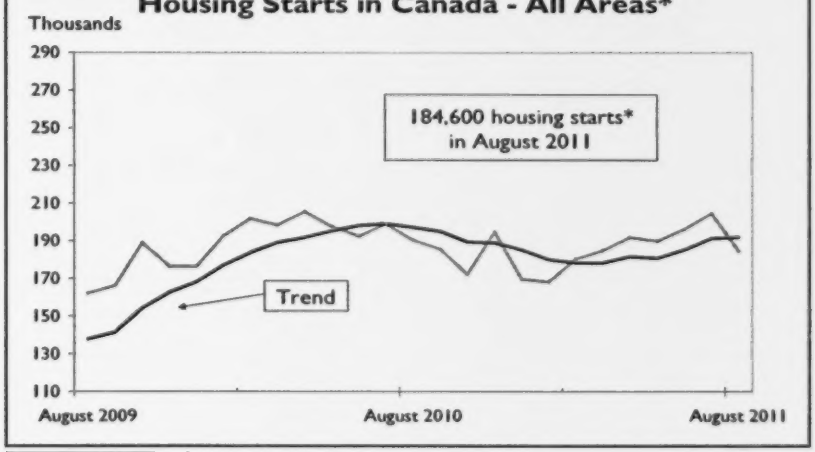
Housing starts decreased in August

The seasonally adjusted annual rate[1] of housing starts was 184,600 units in August, down 9.7 per cent from 204,500 units in July.

Housing starts decreased in all regions, except the Prairies. The decline was more pronounced in the multiples segment, particularly in British Columbia and the Atlantic region, which saw the July gains being reversed.

Figure 1

Housing Starts in Canada - All Areas*



Source: CMHC

*Seasonally adjusted at annual rates

[1]All starts figures in this release, other than actual starts, are seasonally adjusted annual rates (SAAR) — that is, monthly figures are adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment makes it possible to highlight the fundamental trends of a series. Reporting monthly figures at annual rates indicates the annual level of starts that would be obtained if the monthly pace was maintained for 12 months. This facilitates comparison of the current pace of activity to annual forecasts as well as to historical annual levels.

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Both urban single and multiple starts decreased in August

The seasonally adjusted annual rate of urban[2] starts decreased by 10.2 per cent to 165,700 units in August compared to 184,600 units in July. Urban single starts edged down 0.5 per cent to 64,300 units, while urban multiple starts decreased 15.5 per cent to 101,400 units in August.

Urban starts decreased in all regions except the Prairies

In August, the seasonally adjusted annual rate of urban starts decreased in the Atlantic region (-41.4 per cent), in British Columbia (-15.3 per cent), in Ontario (-12.0 per cent) and in Quebec (-8.8 per cent). On the other hand, urban starts increased in the Prairie region (9.4 per cent).

The seasonally adjusted annual rate of rural starts was 18,900 units in August compared to 19,900 units in July.

Actual starts down in August

In August, actual urban starts decreased 3.3 per cent from 14,855 units in 2010 to 14,359 units in 2011. Actual urban single starts for August were down 9.1 per cent compared to a year earlier, while actual urban multiple starts edged higher 1.2 per cent in August compared to 2010.

Estimated actual starts in rural and urban areas combined decreased by an estimated 3.8 per cent in August compared to a year earlier.

The stock of unabsorbed new housing is stable

The stock of unabsorbed new housing units has been relatively stable over the past year. After falling 28.4 per cent between 2009 and 2010, the number of new and unoccupied singles and semis has fluctuated narrowly between 5,500 and 6,000 since January 2011 and stood at 5,600 during August, 2011. With respect to multiples, the number of new and unoccupied units has oscillated in a band between 12,600 and 14,200 and standing at 13,700 during August, 2011.

New house prices are up in July

The New Housing Price Index (NHPI) increased 2.3 per cent in July compared to July 2010. This follows a year-over-year increase of 2.1 per cent in June.

In July 2011, new home prices increased in 16 out of 21 centres, compared to July 2010. The largest increases in the NHPI were in Toronto and Oshawa (5.2 per cent), followed by Winnipeg (4.3 per cent) and St. John's (4.1 per cent). The centres that registered the declines in the NHPI were Windsor (-2.7 per cent), Victoria (-1.6 per cent), Calgary (-0.8 per cent), St. Catharines-Niagara (-0.5 per cent), and Saint John, Fredericton and Moncton (-0.2 per cent).

Existing Home Market

MLS®[3] sales down in August

The seasonally adjusted annual rate of MLS® (Multiple Listing Service®) sales was down 0.5 per cent to 446,124 units in August, compared to 448,536 units in July.

MLS® new listings edged down in August

The seasonally adjusted annual rate of MLS® new listings in August was 863,820 down 0.6 per cent from 869,004 in July.

The Sales-to-New-Listings ratio in balanced conditions

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[4]. New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new-listings ratio for Canada remained in balanced market conditions in August, at 51.6 per cent, and unchanged from July.

MLS® price increased marginally

The August seasonally adjusted average MLS® price in Canada increased marginally to $362,652 compared to

[2]Urban centres are defined as centres with a population of over 10,000. CMHC surveys urban centres 10,000-49,999 at the end of every quarter. Months which are not at the end of a quarter are thus estimates.

[3]Multiple Listing Service (MLS®) is a registered trademark owned by the Canadian Real Estate Association

[4]Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be balanced.

$362,355 in July. The unadjusted MLS® average price was up 7.7 per cent in August to $349,916 from $324,992 a year ago.

Economic conditions

According to Statistics Canada, employment was little changed in August following three consecutive months of increases. Full-time employment edged up by 25,700 jobs in August, when compared to July, while part-time employment decreased by 31,200 jobs over the same time frame.

Among the provinces, employment increased in Nova Scotia in August compared to July, while employment declined in Newfoundland and Labrador and Saskatchewan.

The agency also reported that Canada's unemployment rate edged up by 0.1 percentage points from July to 7.3 per cent in August. This was due to more people participating in the labour market.

Compared to July 2010, total employment across Canada was up 1.3 per cent (223,000 jobs), primarily in Ontario and Alberta, and among private sector employees. Over the past year, full-time employment added 300,000 net new jobs, while part-time employment subtracted 77,000 net new jobs.

On September 7th, the Bank of Canada announced that it was leaving the target for the overnight interest rate unchanged at 1.0 per cent. According to the Bank of Canada, the global economic outlook has deteriorated in recent weeks as several downside risks to the projection in the Bank's July Monetary Policy Report (MPR) have been realized.

Figure 2

Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS

Largely due to temporary factors, Canadian economic growth stalled in the second quarter. The Bank continues to expect that growth will resume in the second half of this year, led by business investment and household expenditures, although lower wealth and incomes will likely moderate the pace of investment and consumption growth.

The next interest rate announcement of the Governing Council of the Bank of Canada is scheduled to take place on October 25, 2011. The next MPR is scheduled to be released on October 26, 2011.

Statistics Canada's Consumer Price Index, which is a mesure of inflation, rose 3.1 per cent in the 12 months to August. This follows a 2.7 per cent increase posted in July.

Core inflation, which excludes the eight most volatile items and the effect of changes in indirect taxes, increased to 1.9 per cent in the 12 months to August up from 1.6 per cent in July.

The agency also reported that shelter costs rose 1.8 per cent in the 12 months to August. In addition to higher prices for fuel oil and water, homeowners' replacement cost increased 2.0 per cent. However, mortgage interest cost, which measures the change in the interest portion of payments on outstanding mortgage debt, decreased 1.7 per cent. Prices for natural gas also fell. ■

Residential Mortgage Credit: Growth in the Second Quarter of 2011

Residential mortgage credit increased by 7.4 per cent in the second quarter of 2011, compared to the second quarter of 2010.

Interest rates have remained mostly stable since the last quarter of 2010. Canadian households are benefiting from low mortgage rates and favourable domestic economic conditions. This led to a 7.4 per cent increase in residential mortgage credit in the second quarter of 2011, compared to the second quarter of 2010. For comparison, the first quarter of 2011 saw growth of 7.6 per cent over the first quarter of 2010.

Short and medium-term fixed mortgage rates remain near historical lows, which is helping to support Canada's housing sector. ■

Figure 3

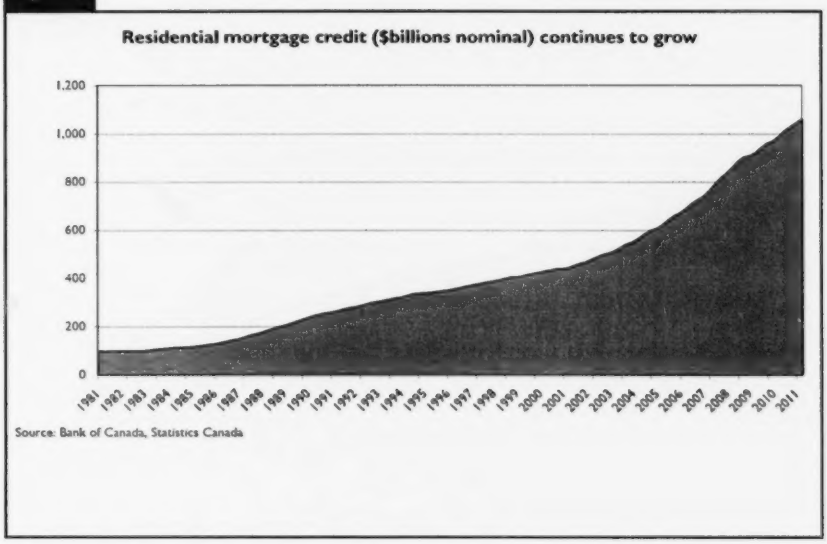
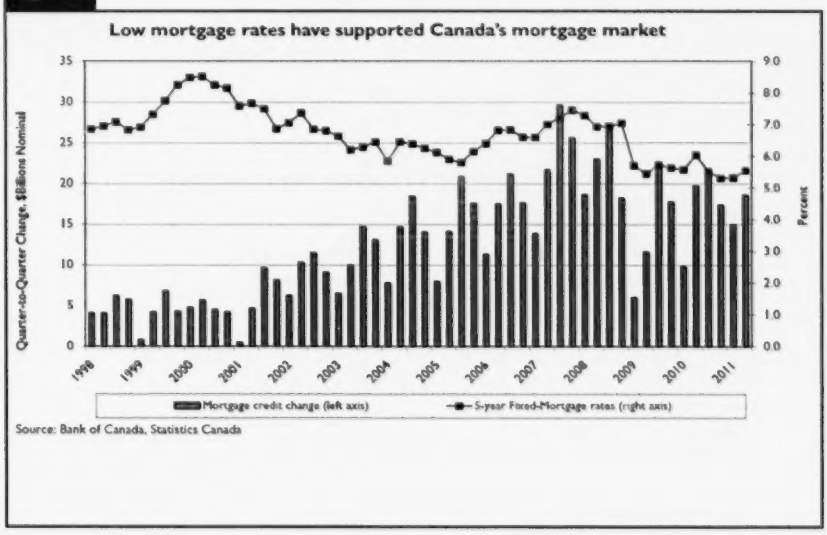


Figure 4



Mortgage credit outstanding ($millions)

	2009	2010	2Q10	3Q10	4Q10	1Q11	2Q11
TOTAL	933,446	1,000,626	990,289	1,012,152	1,029,504	1,044,481	1,063,082
% change (year-over-year)	7.2	7.2	7.6	7.3	7.2	7.6	7.4

* Average for the period, unadjusted
Source: Bank of Canada, Statistics Canada.

NHA and Conventional Mortgage Loans Approved*

		2008	2009	4Q09	1Q10	2Q10	3Q10	4Q10
By Type of Lender								
Banks	$ millions	160,842	181,091	41,346	42,225	56,176	42,111	41,203
	Units	869,995	964,854	213,031	224,670	282,411	216,760	208,776
	$ Unit Avg.	*184,877*	*187,687*	*194,084*	*187,942*	*198,916*	*194,275*	*197,355*
Others	$ millions	54,799	63,130	13,363	14,408	13,704	9,835	9,668
	Units	353,732	384,148	79,799	83,064	83,307	62,142	62,973
	$ Unit Avg.	*154,917*	*164,338*	*167,458*	*173,457*	*164,500*	*158,267*	*153,526*
TOTAL	$ millions	215,641	244,221	54,709	56,633	69,880	51,946	50,871
	Units	1,223,727	1,349,002	292,830	307,734	365,718	278,902	271,749
	$ Unit Avg.	*176,217*	*181,038*	*186,829*	*184,032*	*191,076*	*186,252*	*187,198*

*** Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.**
Source: CMHC NHA loan approval system and Conventional Lending Survey

CMHC-MAC 2011

This Month's Housing Data (SAAR)

Housing starts, units, 000s

	2010	Q4:10	Q1:11	Q2:11	M06:11	M07:11	M08:11
Canada. Total. All areas	**189.9**	**180.0**	**174.6**	**195.0**	**196.1**	**204.5**	**184.6**
Per cent change from previous period	27.4	-5.6	-3.0	11.7	3.3	4.3	-9.7
Canada. Total. Rural areas	**23.8**	**23.0**	**17.8**	**18.7**	**19.7**	**19.9**	**18.9**
Per cent change from previous period	27.0	-1.3	-22.6	5.1	1.0	1.0	-5.0
Canada. Total. Urban areas	**166.2**	**157.0**	**156.8**	**176.3**	**176.4**	**184.6**	**165.7**
Per cent change from previous period	27.5	-6.2	-0.1	12.4	3.6	4.6	-10.2
Canada. Single. Urban areas	**74.2**	**64.4**	**61.5**	**68.4**	**70.4**	**64.6**	**64.3**
Per cent change from previous period	22.7	-7.9	-4.5	11.2	11.4	-8.2	-0.5
Canada. Multiple. Urban areas	**91.9**	**92.6**	**95.3**	**107.9**	**106.0**	**120.0**	**101.4**
Per cent change from previous period	31.6	-5.0	2.9	13.2	-1.0	13.2	-15.5
Newfoundland. Total. All areas	**3.6**	**3.2**	**3.7**	**3.7**	**4.6**	**4.1**	**3.5**
Per cent change from previous period	18.0	-3.0	15.6	0.0	31.4	-10.9	-14.6
Prince Edward Island. Total. All areas	**0.8**	**0.9**	**0.8**	**0.8**	**0.7**	**1.2**	**0.9**
Per cent change from previous period	-13.8	28.6	-11.1	0.0	-12.5	71.4	-25.0
Nova Scotia. Total. All areas	**4.3**	**3.9**	**4.1**	**4.2**	**3.7**	**5.7**	**3.7**
Per cent change from previous period	25.3	-15.2	5.1	2.4	-24.5	54.1	-35.1
New Brunswick. Total. All areas	**4.1**	**4.3**	**1.5**	**3.2**	**4.0**	**6.1**	**2.8**
Per cent change from previous period	16.5	-2.3	-65.1	113.3	37.9	52.5	-54.1
Quebec. Total. All areas	**51.4**	**47.9**	**47.0**	**49.0**	**48.0**	**45.2**	**41.1**
Per cent change from previous period	18.3	-4.6	-1.9	4.3	-5.3	-5.8	-9.1
Ontario. Total. All areas	**60.4**	**58.6**	**61.6**	**71.2**	**74.3**	**74.9**	**67.0**
Per cent change from previous period	20.0	-3.5	5.1	15.6	28.1	0.8	-10.5
Manitoba. Total. All areas	**5.9**	**5.4**	**4.5**	**5.9**	**5.7**	**7.4**	**4.9**
Per cent change from previous period	41.1	-21.7	-16.7	31.1	-10.9	29.8	-33.8
Saskatchewan. Total. All areas	**5.9**	**7.5**	**6.3**	**6.9**	**8.3**	**5.7**	**5.8**
Per cent change from previous period	52.8	21.0	-16.0	9.5	43.1	-31.3	1.8
Alberta. Total. All areas	**27.1**	**22.9**	**20.9**	**23.8**	**23.6**	**24.3**	**29.1**
Per cent change from previous period	33.5	-14.9	-8.7	13.9	-6.7	3.0	19.8
British Columbia. Total. All areas	**26.5**	**25.4**	**24.2**	**26.3**	**23.2**	**29.9**	**25.8**
Per cent change from previous period	64.7	-5.2	-4.7	8.7	-26.3	28.9	-13.7

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2010	Q4:10	Q1:11	Q2:11	M06:11	M07:11	M08:11
Housing starts, units, 000s							
Canada. Total. Urban areas	166.2	157.0	156.8	176.3	176.4	184.6	165.7
Newfoundland. Total. Urban areas	2.2	2.2	2.4	2.5	3.1	2.5	2.0
Prince Edward Island. Total. Urban areas	0.6	0.7	0.5	0.6	0.5	1.0	0.7
Nova Scotia. Total. Urban areas	3.5	3.2	3.4	3.7	3.1	4.9	3.2
New Brunswick. Total. Urban areas	3.0	2.8	1.0	2.4	3.0	4.9	1.9
Quebec. Total. Urban areas	43.5	41.0	40.0	42.7	42.2	38.8	35.4
Ontario. Total. Urban areas	57.1	54.9	59.0	68.6	71.5	72.6	63.9
Manitoba. Total. Urban areas	4.0	3.4	3.2	4.0	3.7	5.3	3.2
Saskatchewan. Total. Urban areas	4.6	5.5	5.3	5.5	6.3	4.3	4.2
Alberta. Total. Urban areas	24.1	20.1	19.6	21.8	21.8	22.2	27.4
British Columbia. Total. Urban areas	23.6	23.2	22.4	24.5	21.2	28.1	23.8

SOURCE: CMHC, Starts & Completions Survey. All quarterly and monthly data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Major Housing Indicators

	2010	Q4:10	Q1:11	Q2:11	M06:11	M07:11	M08:11
New Housing							
New & unoccupied singles & semis, units 000s	5.3	5.6	5.9	5.6	5.6	5.6	5.6
Per cent change from same period previous year	-28.4	-1.8	11.1	4.3	6.7	14.5	11.2
New & unoccupied row & apartments, units 000s	13.6	13.7	13.6	12.8	13.3	13.6	13.7
Per cent change from same period previous year	11.1	6.6	0.6	-4.5	-4.8	-2.9	-1.0
New House Price Index, 2007=100	103.2	103.8	104.5	105.3	105.6	105.7	n.a.
Per cent change from same period previous year	2.2	2.2	2.0	2.0	2.1	2.3	n.a.
Existing Housing							
MLS® resales*, units 000s	447.0	446.8	465.1	443.3	450.4	448.5	446.1
Per cent change from same period previous year	-3.9	-15.9	-7.1	0.2	11.7	17.8	11.8
MLS® average resale price, 000s**	339.0	342.4	365.1	366.3	363.4	362.4	362.7
Per cent change from same period previous year	5.8	1.2	7.0	7.9	9.2	10.0	9.2
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	3.49	3.30	3.45	3.63	3.50	3.50	3.50
Posted 5-Year Mortgage Rate, % (period average)	5.61	5.31	5.32	5.56	5.39	5.39	5.39

SOURCE: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available.

* Annual data is actual. Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Quarterly and monthly data is seasonally adjusted.

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